

## Message Text

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72

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

FEA-02 PA-04 PRS-01 USIA-15 DRC-01 /176 W

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R 131617Z SEP 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3860

INFO AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDOC WASHDC

UNCLAS LONDON 11849

DEPARTMENT PASS TREASURY AND FRB

E.O. 11652: N/A

TAGS: EFIN, UK

SUBJECT: UK TRADE AND CURRENT ACCOUNT IN AUGUST

BEGIN SUMMARY: IN AUGUST, THE TRADE DEFICIT WAS 319 MILLION POUNDS (S.A.), THE LOWEST RECORDED DEFICIT SINCE NOVEMBER 1973. OF THIS AMOUNT, 264 MILLION POUNDS WAS DUE TO TRADE IN OIL, WITH THE NON-OIL TRADE SHOWING A DEFICIT OF ONLY 55 MILLION POUNDS. PROVISIONAL ESTIMATES SHOW EXPORTS OF 1,379 MILLION POUNDS (S.A., F.O.B.) AND IMPORTS OF 1,698 MILLION POUNDS (S.A., F.O.B.). THE INVISIBLE ACCOUNT IS ESTIMATED TO HAVE BEEN IN SURPLUS BY 105 MILLION POUNDS, THUS PRODUCING A CURRENT ACCOUNT DEFICIT OF 214 MILLION POUNDS. END SUMMARY

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1. IN AUGUST, THE UK HAD A VISIBLE TRADE DEFICIT OF 319

MILLION POUNDS (S.A., F.O.B., B/P BASIS), OF WHICH 264 MILLION POUNDS WAS ACCOUNTED FOR BY THE DEFICIT IN TRADE IN PETROLEUM AND RELATED PRODUCTS AND 55 MILLION POUNDS IN OTHER GOODS. THIS COMPARES WITH A VISIBLE TRADE DEFICIT OF 477 MILLION POUNDS IN JULY (REVISED FROM 478 MILLION POUNDS), MADE UP OF 345 MILLION POUNDS IN PETROLEUM AND 132 MILLION POUNDS (REVISED) IN OTHER GOODS. THE VISIBLE TRADE DEFICIT WAS 158 MILLION POUNDS LESS THAN FOR JULY, REFLECTING SUBSTANTIAL REDUCTIONS IN BOTH OIL AND NON-OIL DEFICITS. THE VISIBLE TRADE DEFICIT AVERAGED 424 MILLION POUNDS A MONTH IN THE PERIOD JUNE-AUGUST COMPARED WITH A MONTHLY AVERAGE OF 450 MILLION POUNDS IN THE PREVIOUS 3 MONTHS. IN THE 3 MONTHS ENDED JULY (THE LATEST PERIOD FOR WHICH INFORMATION IS AVAILABLE) THE TERMS OF TRADE, EXCLUDING FUELS, IMPROVED BY 1 PERCENT COMPARED WITH THE PREVIOUS THREE MONTHS.

2. THE VALUE OF UK EXPORTS IN AUGUST WAS 1,379 MILLION POUNDS (S.A., F.O.B., B/P BASIS) COMPARED TO 1,328 MILLION POUNDS (REVISED) IN JULY AND 1,325 MILLION POUNDS IN JUNE. IN THE THREE MONTHS JUNE TO AUGUST, EXPORTS AVERAGED 1,344 MILLION POUNDS A MONTH, 8 PERCENT HIGHER THAN IN THE PREVIOUS THREE MONTHS. BETWEEN THESE PERIODS, EXPORTS TO WESTERN EUROPE INCREASED BY 7 PERCENT (WITH A SIMILAR RATE OF INCREASE TO THE EC); TO THE STERLING AREA OUTSIDE EUROPE BY 12 PERCENT; TO NORTH AMERICA BY 6 PERCENT AND THE REST OF THE WORLD BY 5 PERCENT.

3. THE VALUE OF UK IMPORTS IN AUGUST WAS 1,698 MILLION POUNDS (S.A., F.O.B., B/P BASIS) COMPARED TO 1,805 MILLION POUNDS IN JULY AND 1,802 MILLION POUNDS IN JUNE. IN THE THREE MONTHS ENDED AUGUST, IMPORTS AVERAGED 1,768 MILLION POUNDS A MONTH, 4-1/2 PERCENT HIGHER THAN IN THE PRECEDING THREE MONTHS. ABOUT A THIRD OF THIS INCREASE WAS DUE TO THE HIGHER VALUE OF OIL IMPORTS WHICH ROSE BY 7 PERCENT BETWEEN THESE PERIODS; IMPORTS OF OTHER GOODS ROSE BY LESS THAN 3-1/2 PERCENT. IMPORTS FROM WESTERN EUROPE INCREASED BY 6 PERCENT (WITH THE EC 9 PERCENT HIGHER); FROM NORTH AMERICA BY 7 PERCENT; FROM THE REST OF THE WORLD BY 3 PERCENT, BUT FELL BY 1 PERCENT FROM THE STERLING AREA OUTSIDE UNCLASSIFIED

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EUROPE WHEN THE TWO THREE-MONTH PERIODS ARE COMPARED.

4. THE SURPLUS ON INVISIBLES IN AUGUST WAS ESTIMATED AT 105 MILLION POUNDS WITH MONTHLY CREDITS AND DEBITS ON THE ORDER OF 800 MILLION POUNDS AND 700 MILLION POUNDS RESPECTIVELY. THE CURRENT ACCOUNT WAS IN DEFICIT BY 214 MILLION POUNDS COMPARED WITH 372 MILLION POUNDS (REVISED) IN JULY AND 373 MILLION POUNDS (REVISED) IN JUNE.

5. THE TOTALS FOR THE FIRST EIGHT MONTHS OF 1974 IN THE  
VISIBLE TRADE ACCOUNT COMPARED TO 1973 WERE:

	EXPORTS	IMPORTS	BALANCE
1973	7,438	8,551	-1,113
1974	9,930	13,382	-3,452

NOTE: FIGURES HAVE BEEN REVISED, ALL FIGURES ARE F.O.B.,  
S.A., B/P BASIS IN MILLIONS OF POUNDS.

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